

M I L E S T O N E S

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- Heritage Bank of Commerce successfully raised \$14.1 million in initial capital from just under 500 shareholders in a public stock offering. Opened for business at 195 Almaden Boulevard, San Jose on June 8; John Rossell, *President & CEO*, Bill Del Biaggio, Jr., *Chairman of the Board*.
- Achieved over \$50 million in total assets after six months of operations, ended December 31.

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- Attained monthly profitability during Heritage Bank of Commerce's eleventh month of operations, in May.
- Reached over \$100 million in average total assets in August, our fourteenth month in business.
- Reached \$132 million in total assets and net income of \$201,400 for our first full calendar year of operations, ended December 31.

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- Heritage Bank of Commerce declared a 10% stock dividend, payable February 26.
- Awarded *Preferred Lender* status by the United States Small Business Administration.
- Relocated operations to the Heritage Bank Building, a larger facility in the prestigious Park Center Plaza location, 150 Almaden Boulevard.
- Raised \$6.5 million in additional capital from approximately 300 shareholders, in an oversubscribed second public stock offering.
- Launched *Heritage Direct* electronic banking service, allowing our business clients to access a wide range of bank services from their office computers.
- Ended calendar year 1996 with total assets of \$173.3 million and net income of \$1.4 million.

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- Declared a 5% percent stock dividend, payable on February 26.
- Recognized as a 1996 Premier Performer by *The Findley Reports*.
- Heritage Bank of Commerce Board of Directors nominated in April as one of three finalists in *The Business Journal's* "Annual Entrepreneurial Awards," Emerging Companies category.
- Declared a 3-for-2 stock split, payable on August 15.
- Expanded our SBA Preferred Lender Program to the Fresno and Sacramento areas, enabling us to originate SBA-guaranteed loans from Bakersfield to the Oregon border.
- Completed 1997 with record financial results in all major categories, including \$267 million in total assets and \$1,565,000 in net income, marking three successful years in business.

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- Formed strategic alliance with a newly formed Internet company and First Data Corporation to launch *NextCard*, the first true Internet credit card.
- Opened a branch office of Heritage Bank of Commerce on Stevenson Blvd. in Fremont – an important preliminary step toward establishing a subsidiary bank during the second half of 1998.
- Completed the formation of Heritage Commerce Corp (HCC), holding company for Heritage Bank of Commerce.
- Awarded *Certified Lender* status by the U.S. Department of Agriculture's Business and Industry Guaranteed Loan Program — making the Heritage SBA Group the first California bank approved to make federally guaranteed small business loans in rural communities.
- Added more than 200 new East Bay shareholders through a \$6 million offering of SEC-registered Heritage Commerce Corp common stock in August. Shareholder base now exceeds 1,000.
- Heritage Commerce Corp common stock approved in July for listing on the NASDAQ National Exchange under the symbol **HTBK**.
- Loan Production Office established by Heritage Bank of Commerce in San Ramon in September.
- Heritage Bank East Bay opened for business as a subsidiary bank in December, with Dick Conniff, *President & CEO*, and John Larsen, *Chairman*.
- Heritage Commerce Corp reported record year-end total assets of \$404,931,000. Net income for the year: \$2,150,000.

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- Brad Smith appointed *Chairman of the Board of Directors* of Heritage Commerce Corp in January.
- Declared a 3-for-2 stock split, which was payable on February 19.
- Launched a new South Valley branch of Heritage Bank of Commerce.
- Conducted a public stock offering of newly issued common stock, raising over \$11.3 million in additional capital and adding approximately 300 new shareholders.
- The San Ramon office of Heritage Bank East Bay expanded to a full service branch in June.
- Heritage Commerce Corp reported record year-end total assets of \$476,664,000. Net income for the year was \$3,026,000.

*"The Fine Art of
Community Banking"*

H E R I T A G E

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- On January 18th, Heritage Bank South Valley officially opened for business in the Cochrane Business Ranch, Morgan Hill; Brad Smith, *President & CEO*, Wayne Carlson, *Chairman*.
- Declared a 10% stock dividend, which was payable on February 21.
- The Heritage Bank of Commerce application for membership to Federal Reserve Board approved on February 25.
- Relocated Heritage Bank East Bay's San Ramon branch to larger quarters at 310 Hartz Avenue in Danville, March.
- Signed Definitive Merger Agreement with Western Holdings Bancorp, holding company for Bank of Los Altos, May 9.
- Brad Smith appointed by the Board of Directors to *Chairman & CEO* of Heritage Commerce Corp and *President & CEO* of Heritage Bank of Commerce; Dick Conniff appointed *President & Chief Operating Officer* of Heritage Commerce Corp, June 15.
- Heritage Bank of Commerce opens SBA Loan Production Office in Santa Cruz, August 7.
- Heritage Bank East Bay and Heritage Bank South Valley applications for membership to Federal Reserve Board approved, September 22.
- Heritage Commerce Corp completes merger with *Western Holdings Bancorp*, October 1.
- Heritage Commerce Corp reported record year-end total assets of \$845,600,000.

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- Bank of Los Altos application for membership to Federal Reserve Board approved, January.
- Heritage Bank East Bay reaches over \$100 million in Assets, Feb.
- Heritage Bank of Commerce recognized as a 2000 Super Premier Performer by *The Findley Reports*, April.
- Heritage Bank of Commerce's SBA Department is ranked #11 in all of California by the *Small Business Administration*, May.
- Heritage Commerce Corp appoints Dr. Kurt Hammerstrom to its Board of Directors, May.
- Heritage Bank South Valley opened a new branch office in Gilroy, June.
- Heritage Commerce Corp appoints Lane Lawson to *President & CEO* of Heritage Bank South Valley, July.
- Heritage Bank of Commerce's SBA Department opens new Loan Production Office in Chico, July.
- Heritage Commerce Corp Board appoints John F. McGrath to *President & CEO* of Heritage Bank of Commerce, August.
- Heritage Bank of Commerce appoints James D'Amico, William Del Biaggio III, and Kenneth Rodrigues to its Board of Directors, October.

- Heritage Commerce Corp adopts *Shareholder Rights Plan*, Nov.
- Heritage Bank of Commerce distributes its *Bank Enterprise Award* funds totaling \$382,505, to 8 worthwhile community organizations, November.
- Heritage Commerce Corp reported year-end total assets of \$930,143,000.

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- Heritage Bank of Commerce's SBA Department is ranked by the *San Jose Business Journal* as the #2 SBA Lender in Silicon Valley and the #1 SBA Lender in the Central San Joaquin Valley, January.
- Heritage Bank of Commerce raises over \$20,000 for March of Dimes *WalkAmerica 2002*, April.
- Heritage Bank of Commerce and Bank of Los Altos are recognized as a Super Premier Performer by *The Findley Reports*, April.
- Heritage Bank of Commerce opens new Corporate Escrow Services Department, May.
- Brad Smith, Chairman & CEO, and Richard Conniff, COO, present "*Growth to Optimization*" at Hoefer & Arnett's 5th Annual Bank and Financial Conference, May.
- Heritage Bank of Commerce opens SBA Loan Production Office in Glendale, June.
- Heritage Bank of Commerce's *Capital Group* opens office in Glendale, July.
- Heritage Commerce Corp announces plan to consolidate Bank operations, July.
- Heritage Bank of Commerce's SBA Department is ranked the 7th largest SBA Lender in California and 24th in the Nation by the U.S. Small Business Administration, November.
- Heritage Commerce Corp reported year-end total assets of \$958,752,000.

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- Heritage Commerce Corp elects Phillip R. Boyce Chairman of the Board of the Holding Company and Heritage Bank of Commerce. William Del Biaggio, Jr. is elected Vice Chairman of both companies, January.
- Heritage Commerce Corp completes charter consolidation, of subsidiary banks, January.
- Heritage Bank of Commerce recognized as a Super Premier Performer by the Findley Reports, April.
- Heritage Bank of Commerce raises nearly \$18,000 for March of Dimes *WalkAmerica 2003*, April.
- HBC implements new strategic plan and Company-wide *Vision*, May.

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